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GOVERNMENT OF INDIA

MINISTRY OF COMMERCE

REPORT OF THE
INDIAN TARIFF BOARD
ON THE
CONTINUANCE OF PROTECTION TO THE PRESERVED FRUIT INDUSTRY

BOMBAY

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REPORT ON THE PRESERVED FRUITS INDUSTRY

(Review of the measure of protection.)

History of the case.

The first inquiry into the claim of the preserved fruits industry for protection or assistance was undertaken by the Tariff Board in 1946 on the basis of a reference made by the Government of India, in the late Department of Commerce, in their Resolution No. 218-T(55)|45, dated 16th February, 1946, read with paragraphs 2, 5 and 7 of their Resolution bearing the same number, dated 3rd November, 1945. The Board submitted its Report on 28th November, 1946 and Government passed orders on the Report in their Resolution No. 218-T(33)|47, dated 27th May, 1947. The Board's recommendations and Government's decisions thereon are stated below :—

(i) "Fruits and fruit products should be reclassified in the Import Tariff Schedule, in the Accounts of Sea-borne and Frontier Trade, and also in the statistics of the Food Products Control Order, as indicated in paragraph 25 of the Report." This was accepted by Government.

(ii) "The standard rate of duty on canned and bottled fruits—suggested item 20 should be 60 per cent. *ad valorem* ; the rate on fruit juices, squashes, cordials and syrups suggested item 20(2)—should be 40 per cent. ad valorem ; the rate on jams, jellies, marmalades and candied and crystallised fruits—suggested item 20(3)—should be 80 per cent. ad valorem ; the duties should be made protective and they should remain in force for the period ending 31st March, 1950. Should the landed cost of imports without duty fall by 5 per cent. or more below those we have taken for the purpose of comparison, it should be open to the industry to appeal to Government to invoke section 4(1) of the Indian Tariff Act, of 1934, and to raise the duties to the necessary level." Government accepted this recommendation and decided to afford protection to the industry for a period of three years. The protection in the first year was to take the form of protective ad valorem duties at rates proposed by the Board. The form of protection that would be afforded to the industry thereafter, namely, whether through the imposition of protective *ad valorem* duties or by means of direct subsidies to the industry, was to be determined before the end of the first year on the basis of a further examination by the Board. Though the Government Resolution in this behalf was issued on 27th May, 1947, protective duties on preserved fruits actually came into force from 12th January, 1948. The duration of the protective duties, which was due to expire on 31st December, 1948, was subsequently extended up to 31st March, 1949 (vide the Ministry of Commerce D.O. No. 34-T(25)|48, dated 22nd July, 1948). As the Board could not complete the inquiry and submit its Report in good time for Government to consider it and promote the necessary legislation at the Budget Session of the Legislature, the Board recommended that, pending receipt and consideration of the Board's Report by Government, the existing duties should be continued and this was accepted.

(iii) " The import duty on all machinery required for the use of the preserved fruits industry should be refunded with effect from 16th February, 1946. All facilities should be given to the industry to import suitable machinery from foreign countries." In the Government Resolution, it was stated that the general question of exemption of machinery from import duty was under consideration and that Government were prepared to grant all facilities to the industry to import suitable machinery. Subsequently, in October 1948, as part of their disinflationary measure, Government decided to grant certain concessions to industry in order to stimulate production in the country (vide Press Communiqué dated 4th October, 1948. One of the concessions granted was to reduce the import duty on plant and machinery from 10 per cent. to 5 per cent. except in the case of certain items where it was proposed either to levy a protective duty or to refer the matter to the Tariff Board. This reduction of duty applied to all items of machinery except electric transposition motors, belting and steel belt lacing, grinding wheels and segments, and certain items of textile machinery, *viz.*, spinning rings, wire healds, pickers and bobbins.

(iv) " An adequate quota of sugar should be given to the industry. If necessary, steps should be taken to import sugar for this purpose." This was accepted by the Government.

(v) "The excise duty on sugar used for the protected categories of preserved fruits should be refunded." This was not accepted by Government.

(vi) " 500 to 1,000 tons of American tinplate should be imported free of duty and made available to recognised manufacturers of sanitary cans required for the preserved fruits industry." This also was not accepted by Government.

(vii) " Representatives of the Fruit Preservers' Association and of the leading glass manufacturers should meet in conference at an early date and discuss the question of supplying high quality bottles for the preserved fruit industry. The question of granting import licences for bottles more freely should be decided by Government after considering the views that may be formulated at the conference." Government accepted this recommendation and hoped that the Fruit Preservers' Association would implement it. Subsequently, a conference of the Fruit Preservers' Association and representatives of glass manufacturers was held at New Delhi on 27th March, 1948. At this conference, the representatives of the glass manufacturers agreed to supply bottles according to the specifications laid down by the Fruit Preservers' Association, provided that they could get sufficient supplies of soda ash, furnace oil and coal, so as to enable them to manufacture quality bottles.

(viii) "The Fruit Product Control Order (1946) should be amended so as to raise the licence fee payable by the fruit products factories from 4 annas to Re. 1 per Rs. 100 worth of products. Of the amount so collected, one-fourth should be spent for the administration of the control and the balance should be set aside in a special Research and

Development Fund, to which an equal contribution should be made by the Government of India. This special Fund should be administered by an appropriate representative committee." With effect from 10th July, 1948, the licence fee was raised from Re. 0-4-0 to Re. 1-0-0 per Rs. 100 worth of fruit products, but no special Research and Development Fund has been created so far.

(ix) "Facilities for training experts in the technology of fruit preservation should be enlarged." This recommendation has been implemented. Two students were sent abroad for training in fruit preservation, who have now come back and are employed in the Indian Institute of Fruit Technology and Fruit Products Order Organisation Laboratory respectively. In addition, more than 40 students have completed their training at the Indian Institute of Fruit Technology and are now available for employment in the industry. We are, however, informed that, due to the unsettled conditions of the market, the industry has not so far been able to absorb these trained young men.

(x) "Government should take steps to employ six foreign experts for a period of about three years for giving advice and guidance free of cost to all the canning factories." We are informed that this recommendation has not yet been implemented.

(xi) "The question of providing cold storage and refrigerated transport facilities should be examined by Government at an early date." This recommendation also has not been implemented so far.

(xii) "The Fruit Products Control Order should be strictly enforced in all the canning factories." This was accepted by Government. We have, however, been informed by the Fruit Development Adviser to the Government of India that the Order could not be strictly enforced owing to (a) abnormal circumstances prevailing in several parts of the country as a result of the partition, (b) shortage of building sites and building materials, (c) inadequacy of staff, (d) dislocation of the work of the Indian Institute of Fruit Technology on its being shifted from Lyallpur to Delhi and also lack of adequate facilities available to this Institute, and (e) lack of adequate co-operation from the industry. It may be noted that the Fruit Products Control Order (1946) has been superseded by the Fruit Products Order, 1948, (*vide* Notification of the Government of India in the Ministry of Agriculture, No. F.P.16|8|48-D, date 30th June, 1948, as amended by Notification No. F.P.16|8|48-D, dated 2nd March, 1949). It may also be mentioned that since March 1949, an important change has been made in respect of the administration of the Fruit Products Order : while the Centre still retains the right to lay down the standards of sanitation and quality and composition of the fruit products, the enforcement of the standards is now the responsibility of the Provinces.

(xiii) "The present provision permitting the exports of not more than 10 per cent. of fruit products should be continued." Under the Government Resolution, it was proposed to permit freely exports of

products which were peculiar to India, while in the case of other products exports of not more than 10 per cent. would be permitted as recommended by the Board.

(xiv) "If and when an application is made by the Preserved Fruits industry to the Railway Board for reduction of freight rates on fruits and fruit products and flattened cans, the application should be favourably considered by the Railway Board." We are informed that this recommendation is being implemented by the Railway Board.

(xv) "The Railway Board should investigate at an early date whether or not there is any justification for the complaint made to us by the fruit preservers that claim for compensation for loss in transit on fruit products sent to the consignees at railway risk have been ignored by the railway authorities. If the complaint is found to be justified, steps should be taken to ensure that in future all claims for compensation in such cases are promptly dealt with." We are informed that this recommendation is also being implemented by the Railway Board.

(xvi) "The Central, Provincial and State Governments should initiate at an early date a co-ordinated policy of horticultural development including both production and marketing." The Ministry of Agriculture, Government of India, who were addressed by the Board on the subject, have not been able to furnish any information as to how far this recommendation has been implemented.

(xvii) "The attention of the Government of Jammu and Kashmir is drawn to the recommendation that has been made for assistance to the industry in the State." This also was accepted by Government. Owing to the disturbed conditions in that State for the last 16 or 17 months, it was not possible for the Board to ascertain how far this recommendation has been implemented.

Reference to the Board.

2. As stated in the preceding paragraph, protection to the preserved fruits industry in its present form was due to expire on 31st March, 1949. Accordingly, the Government of India, in the Ministry of Commerce, in their letter No. 134-T(19)|47 dated 11th June, 1948, requested the Tariff Board to inquire and report whether any changes were required after 31st March, 1949 in the present measure of protection ; and if so, what those changes should be.

Scope of the inquiry.

3. The All-India Food Preservers' Association, in its letter dated 4th August, 1948, has contended that, due to an increase in the cost of sugar, fruits, cans and bottles, the amount of protection granted to the industry has become inadequate and that, therefore, the quantum of protection should now be increased. The Association, has however, suggested that it is desirable to make fruit products available to the consumers at a reasonable price and that, therefore, protection to the industry should be granted either entirely through subsidies or partly by means of import duties and partly through subsidies. Moreover, the Government of India, in their

Resolution No. 218-T(33)/47 dated 27th May, 1947, decided that the form of protection that would be afforded to the industry after the first year, namely, whether through the imposition of protective import duties or by means of direct subsidies, should be determined on the basis of a further examination by the Board. Accordingly, in the present inquiry, the Board has to find out (a) whether, on the basis of current cost of production in the country and c.i.f. prices of competitive imports, there is a case for an increase in the amount of protection and (b) whether the necessary protection to the industry should be given by means of subsidies or through the imposition of import duties or by a combination of both.

Method of inquiry.

4. On 30th October 1948, the Board issued a press note inviting all firms and persons, who desired that, their views should be considered by the Board, to forward their representations. Subsequently, detailed questionnaires were issued to the known producers, importers, consumers and associations. The Ministry of Agriculture, Government of India were requested to furnish information to the Board regarding the present position of the industry, costs of production and retail selling prices of the protected categories of fruit products, quality of the products, imports and c.i.f. prices of fruit products, supply of fruits, sugar, cans and bottles, administration of the Fruit Products Order and other matters. The Australian Trade Commissioner, Bombay, was addressed to furnish information to the Board as to whether any State subsidy was paid to the Australian preserved fruits industry. The Indian Trade Commissioner in Australia was also requested to furnish information to the Board regarding f.o.b. prices of Australian preserved fruits and freights from Australian ports to Indian ports. A list of those to whom questionnaires were issued and who forwarded their replies or memoranda to the Board will be found in Appendix I. A public inquiry was held at the Board's office in Bombay on 11th and 12th January, 1949. A list of the persons who attended the inquiry and gave oral evidence will be found in Appendix II.

Present condition of the Industry.

5. (a) *General.*—The Punjab and Kashmir, wherein is located a large section of the fruit growing and fruit preservation industry in the country, were in a disturbed condition during 1947 and 1948 and this caused a serious setback to the industry. Moreover, the rise in the ex-factory price of sugar from Rs. 20-14-0 per maund in 1946 to Rs. 35-7-0 per maund in 1948 raised the cost of production of preserved fruits appreciably above the figure taken by the interim Tariff Board for determining the measure of protection, and consequently, the amount of protection actually enjoyed by the industry fell short of the measure recommended by the Board. Further, owing to the unfavourable conditions prevailing in the capital market from the middle of 1946, the expected expansion and improvement in the industry has not taken place. Seven or eight factories have, however, decided to import new machinery in the near future. We recommend that all the bigger factories should

now improve their mechanical equipment and process of manufacture so as to increase their productive efficiency and competitive strength.

(b) *Production.*—Under the Fruit Products Order, fruit products factories are required to submit periodical returns of their production to the Fruit Development Adviser to the Government of India. This Officer furnished to the Board such figures of production as had been collected by him. According to these figures, the output of fruit products in the country during the year ended 30th June, 1948, was 94,44,571 lbs. (or about 4,216 tons) valued at Rs. 67,51,483. Of this however, the protected categories of fruit products accounted for 47,87,301 lbs. (about 2,137 tons) or 50.69 per cent. of the total output and their value was Rs. 39,03,318 or 57.81 per cent. of the value of the total output of all fruit products. A statement showing the figures of output and value of different fruit products for the year ended 30th June 1948 will be found in Appendix III. It may be mentioned that th number of licensed factories during the term ended 31st December 1948 was 295. Besides, there was a large number of factories which were not licensed either because they did not submit production returns or because they did not satisfy the standards of sanitation laid down under the Fruit Products Order. Consequently, the production statistics given above are incomplete.

(c) *Supply of raw materials.*—(i) *Fruits.*—Although the disturbed conditions in the Punjab and Kashmir restricted the supply of fruits to some extent, certain alternative sources of supply were available in the country and the supply was, on the whole, satisfactory. But, since the fruits coming to the market were not properly graded, the industry had to use fruits of varying degrees of maturity and sizes with the result that the consumers were dissatisfied with the quality of the products. This handicap of the industry cannot be removed except by scientific development of the horticultural industry including production, grading and marketing. We re-affirm the recommendation made by the Board in its previous Report (1946) that the Central, Provincial and State Governments should initiate at an early date a co-ordinated policy of horticultural development.

(ii) *Sugar.*—During the period of sugar control and thereafter, the industry had no difficulty in securing its requirement of sugar estimated to be between 3,000 and 4,000 tons per annum.

(iii) *Cans and bottles.*—An adequate supply of cans and bottles was available in the country, but there were complaints regarding their quality.

(d) *Quality.*—The Tariff Board in the previous Report (1946), recommended that the Fruit Products Control Order should be strictly enforced. We have been informed that, due partly to the dislocation caused by the partition, partly to lack of adequate inspection staff and partly also to lack of proper co-operation on the part of the industry, the Order could not be enforced as strictly and extensively as had been intended by Government. In this connection, we have been told that

there were only six inspecting officers who were required to visit some four or five hundred factories all over the country and enforce the Fruit Products Order. With such a small staff it could not be expected that the administration of the Fruit Products Order would be sufficiently effective. In a Note submitted by the Fruit Development Adviser, it is stated that the quality of the products has not improved to an appreciable extent and that this has been due to non-availability of proper sizes and varieties of raw materials in certain centres of the industry and also the dislocation, for a whole year, of the work of checks analysis carried out by the Institute of Fruit Technology. It is also stated in the Note that, of the 295 factories licensed for the term ended December 1948, some 40 per cent. came under categories (C) and (D) owing to their premises being entirely unsatisfactory. Representative of consumers have stated that the fruit preservers are found to pay insufficient attention to the grading of fruit with regard to their size and quality and that the Indian products are inferior to the imports in respect of colouring, appearance, flavour and packing. Our impression is that, since the last inquiry in 1946, practically no improvement has been made on the technical side of the industry. It cannot be emphasized too strongly that the consumers' prejudice against the indigenous products cannot be overcome except by a distinct improvement in their quality. We, therefore, recommend that Govt. should employ for a short time six experts to offer advise and guidance to the fruit products factories free of cost. We also recommend that the factories should employ students trained at the Indian Institute of Fruit Technology. We further recommend that the Provincial Governments, to whom the enforcement of the Fruit Products Order has been recently transferred should strictly enforce the standards of sanitation, quality and composition as laid down in the Order. We also recommend that an appreciable portion of the enhanced licence fee should be set aside for a separate Research and Development fund and that such a Fund should be set up at an early date.

Imports and import control.

6. (a) It has been difficult for the Board to obtain correct satistics of imports of the protected categories of preserved fruits. The Collector of Customs, Calcutta, in his letter No. S.21-614|48A, dated 4th January 1949, informed us that imports of these food products were few and far between and that, therefore, he could not give us the figures of recent imports of these articles. A similar reply was also given by the Collector of Customs, Bombay, in his letter No. S.5-64|48c, dated 6th December 1948. The All-India Food Preservers' Association however, through the good offices of the Metal Box Company, obtained from the Bombay Chamber of Commerce, a statement of imports of canned or bottled fruits and jams and jellies into Bombay during the period January|March 1948. According to this statement, during the period in question (*i.e.*, January|March 1948), 82 cwts. of canned or bottled fruits valued at Rs. 5,710 and 2,172 cwts. of jams and jellies valued at Rs. 1,62,857, were imported into Bombay. The Ministry of Commerce, Government of India, also furnished a statement of imports

of canned or bottled fruits and jams and jellies during the three years 1945-46, 1946-47 and 1947-48. This statement will be found in Appendix IV. From this statement, it will be found that in the year 1947-48, 2,579 cwts. of canned or bottled fruits valued at Rs. 1,94,943 and 37,510 cwts. of jams and jellies valued at Rs. 22,79,640, were imported. These figures, however, include imports into Sind up to 31st July 1947 and those into East Bengal up to 14th August 1947. Moreover, the protective duties came into force only on 12th January 1948. The statistics of imports for 1947-48 thus relate to imports during nine and a half month before protection and only two and a half months of the period of protection. From these figures, therefore, it is not possible to assess the effect of the protective duties on imports of the articles in question. As regards squashes and juices, the available statistics of imports show that these articles have not been imported during the last three years.

(b) According to the classification of fruit products in the Import Tariff Schedule as in operation on 1st January 1949, the protected categories of fruit products were governed by items 8(3)—fruits, candied and crystallised, 20(1)—fruit juices, squashes, cordials and syrups, 20(3)—fruits canned or bottled, and 20(4)—jams, jellies, marmalades, canned or bottled. Under the Indian Tariff (Amendment) Act of 1949 (12th February 1949), however, item 20(1) has been split up into items 20(1) and 20(5) and item 20(3) into items 20(3), 20(8) and 20(9). For details, reference is invited to paragraph 9 below. In the Import Trade Control Schedule (vide Gazette of India Extraordinary, dated July 29, 1948, pages 1087 and 1090, and Gazette of India Extraordinary, dated February 22, 1949, pages 237 and 240), however, the protected categories of fruit products are mixed up with other categories and not shown separately against the items of the Import Tariff Schedule mentioned above. The Collector of Customs, Bombay, in reply to a reference from the Board, informed us that, though two of the items of the Import Tariff Schedule, viz., 8(3) and 20(4), were not shown separately in the Import Trade Control Schedule, these two items were subject to the same regulation as items 20(1) and 20(3). We consider that the position in this respect is unsatisfactory and recommend that the protected categories of fruit products, vide import tariff items 8(3), 20(1), 20(5), 20(3), 20(8), 20(9) and 20(4), should be separately shown, item by item, in the Import Trade Control Schedule as well as in the Accounts relating to the Seaborne Trade. A tabular statement of import control regulation regarding fruit products from January 1948 to June 1949 is given in Appendix V. The present position of import control in respect of such products (*vide* Gazette of India Extraordinary, dated February 22, 1949) is as follows :—

(i) Import Tariff item No. 8(3)—"Fruits candied and crystallised" is not specifically mentioned in the Import Trade Control Schedule. This is presumably governed by item 21 of the I.T.C. Schedule which is classified as "fruits, all sorts excluding cocoanuts and cashewnuts, fresh, dried, salted or preserved, not otherwise specified". As regards

this item, while no licences will be granted for their imports from dollar area and hard currency countries, imports from sterling and soft currency countries are placed on O.G.L. XI.

(ii) Import Tariff Schedule item 20(1) and new item 20(5)—Fruit juices, squashes, cordials and syrups. These are presumably governed by the Import Trade Control Schedule, serial No. 76—fruit juices. In respect of this article, while no licences will be issued for imports from dollar area and hard currency countries, licences will be granted for imports from sterling and soft currency countries, subject to monetary ceilings.

(iii) Import Tariff items 20(3), 20(8) and 20(9)—Fruits, canned or bottled: This is not shown separately in Import Trade Control Schedule. These articles are presumably governed by serial No. 77 of the Import Trade Control Schedule—'fruits and vegetables, canned or bottled'. In this case also, licences will be issued, subject to monetary ceilings only for imports from sterling and soft currency countries.

(iv) Import Tariff item 20(4)—jams, jellies and marmalades, canned or bottled. This group of articles is governed by serial No. 75 of the Import Trade Control Schedule. Imports are permitted, subject to monetary ceiling, only from sterling and soft currency countries.

(c) Possibility of evasion of duties as well as of import control: Under the present import tariff classification, fruits, canned or botcled, *vide* item 20(3), 20(8) and 20(9) and jams, jellies and marmalades, canned or bottled, *vide* item 20(4), are subject to protective duties at the standard rates of 60 per cent. and 80 per cent, *ad valorem* respectively. But, in accordance with the orders of the Central Board of Revenue on the subject, (*vide* paragraph 115 of the Bombay Appraisers' Manual), containers up to 7 lbs. capacity are regarded as 'cans or bottles' for the purpose of assessment. If the goods are imported in containers of over 7 lbs. capacity, they are to be classified as 'canned or bottled provisions, not otherwise specified' and are subject to a revenue duty of 30 per cent. *ad valorem* (*vide* Tariff item 21). Owing to the existence of these two different rates of duty for the same fruit products, depending on whether they are packed in containers up to 7 lbs. capacity or above 7 lbs. capacity, attempts are likely to be made to evade the higher rates of duty by importing these products in containers above 7 lbs. capacity. The attention of the Central Board of Revenue was drawn to this possibility by the Collector of Customs, Bombay, in his letter C. No. 11-1011|48, dated 1st March 1948. The Central Board of Revenue subsequently referred the matter to the Collector of Customs, Madras and Calcutta, for their opinion. While the Collector of Customs, Madras, suggested that the ruling of the Central

Board of Revenue mentioned above should be cancelled, the Collector of Customs, Calcutta, suggested that the expression 'canned or bottled' occuring in items 20(3) and 20(4) of the Import Tariff Schedule should be amplified to 'canned, bottled or otherwise packed'. Moreover, while imports of fruit products governed by import tariff items 20(3), 20(8), 20(9) and 20(4) from sterling and soft currency countries are subject to monetary ceiling, imports of articles governed by import tariff item 21 have been placed on the O.G.L. XI. This also may lead to fruit products being imported as 'canned or bottled provisions, not otherwise specified', *i.e.*, tariff item 21, and the import control regulation regarding items 20(3), 20(8), 20(9) and 20(4) being thereby evaded. We, therefore, recommend that in import tariff items 20(3), 20(8), 20(9) and 20(4), the expression 'canned or bottled' should be amplified so as to read as 'canned, bottled or otherwise packed'.

Demand.

7. In the absence of accurate and complete statistics of imports and internal production of fruit products, it is not possible to make a correct estimate of demand. On the basis of such statistics as are available, however, an approximate estimate of demand can be made. According to statistics of imports furnished by the Ministry of Commerce, 40,089 cwts, of canned or bottled fruits and jams and jellies valued at Rs. 24,74,583, were imported in the year 1947-48 (*vide* Appendix IV). These figures, however, include imports into the Pakistan Provinces of Sind and East Bengal up to 31st July and 14th August, 1947, respectively. To find out the figures of imports into the Indian Dominion, therefore, the figures of imports into these two provinces of Pakistan should be excluded. It may, however, be pointed out that during this period, there was import regulation in respect of these products. Consequently, it may be assumed that but for this regulation imports of fruit products into the Indian Dominion would have been larger than the quantity that was actually imported. Making allowance for this factor, we may take imports into the Indian Dominion as being approximately equal to the above figures. As regards internal production, the figures supplied by the Fruit Development Adviser show that during the year ended 30th June, 1948, the output of the protected categories of fruit products in the country was 42,744 cwts. valued at Rs. 39,03,318. Adding these two sets of figures, we get 82,833 cwts., (4,142 tons) valued at Rs. 63,77,901, and this may be taken to be the present demand for the protected categories of fruit products in the country.

Estimate of costs of production and fair selling prices.

8. (a) *Representative centres.*—In the Tariff Board inquiry held in 1946, the Ravenscroft factory in Srinagar was taken as a representative factory in respect of canned fruits and the Indian Mildura Fruit Farm, Renala Khurd, District Montgomery, West Punjab as a representative factory in respect of jams, marmalades and squashes, and the estimate of cost of production was made in respect of these two factories. Due to the dislocation of economic life in Kashmir and owing to the partition of the country,

these two centres cannot now be regarded as representative centres. The question of selecting two suitable representative centres at the present time was discussed in detail at the public inquiry and it was agreed that Haldwani in the U.P. should be regarded as a representative centre in respect of canned fruits, jams and marmalades, and Nagpur as a representative centre in respect of squashes.

(b) *Representative products.*—It was also agreed at the public inquiry that, for the purpose of the present review, the cost of canned fruits should be based upon the price of peaches, the cost of jams on the price of apricots, and the costs of marmalades and squashes on the price of oranges.

(c) *Rates adopted for working out the current cost of production.*—It was agreed that the following rates should be adopted for raw materials and other items :—

(i) *Materials*

	Rs.	A.	P.	
Fruits : Peaches @	26	8	0	per maund ;
Apricots @	17	8	0	per maund ; and
Oranges @	6	8	0	per 100 (1/2 maund).
Sugar @	32	0	0	per maund (delivered at factory).

(*Note.*—Ex-factory price of sugar, E-27, at Rs. 29 per maund *plus* Rs. 3 for freight and handling charges. Due to the recent increase in the rate of excise duty from Rs. 3 to Rs. 3-12-0 per cwt. its incidence per maund of sugar has gone up by Rs. 0-8-9. The cost of sugar, therefore, has been increased to Rs. 32-8-9 per maund.).

(ii) *Labour.*—An increase of 50 per cent. has been allowed over the figure of 1946.

(iii) *Other expenses.*—An increase of 15 per cent. has been allowed over the figure of 1946.

(iv) *Depreciation.*—There has been no change.

(v) *Research and development.*—There has been no change.

(vi) *Packing.*—

24-A—2½ cans—	Rs	a.	p.	
Basic cost	4	6	2	(at the rate of Rs. 182-7-9 per 1,000).
Freight	0	7	6	
Handling charges	0	9	8	
Re-forming charges	0	4	4	(at the rate of Rs. 11-15-0 per 19,000).
Total cost ..	5	11	8	

	Rs. A. P.	
48—1½ lb. cans—		
Basic cost	7 15 6	(at the rate of Rs. 166 per 1,000).
Freight	0 15 0	
Handling charges	1 3 4	
Re-forming	0 8 8	(at the rate of Rs. 11-5-0 per 1,000).
Total cost ..	10 10 6	

Bottles—	@50 0 0 per gross delivered.
Labels	Canned fruits and jams labels at the rate of Rs. 35 per 1,000 and squashes labels at the rate of Rs. 25 per 1,000.
Breakage	For damage to cans an allowance of 5 per cent. has beem made and for breakages to bottles an allowance of 12½ per cent. has been given, there being no change in this respect as compared with the position in 1946.

(vii) *Advertising.*—An increase of 50 per cent. has been allowed over the figure of 1946.

(viii) *Working capital.*—In 1946, Rs. 2 lakhs was taken as the amount of working capital. No change has been made in this figure.

(ix) *Block.*—In 1946, the block was taken at Rs. 2 lakhs. No change has been made in this figure.

(x) *Spoilage.*—No change has been made in this respect.

(xi) *Freight allowance.*—In the previous inquiry, freight was allowed on an average distance of 600 miles from the factories. In the present estimate, freight for 600 miles has been allowed at current rates. The details will be found in Appendix VI.

(xii) In the cost estimate of 1946, it was assumed that the excise duty on sugar and the import duty on tinplates would be refunded, as recommended by the Board. The recommendation was not accepted. The necessary adjustments for these two items have, therefore, been made in the present estimate.

(d) The details of the revised estimate of costs of production and fair selling prices for the protected categories of preserved fruits, together

with those of 1946 estimate, will be found in Appendix VII. The estimated fair selling prices for these products are as follows :—

Canned fruits (24 × A 2½ sanitary cans) ..	.. Rs. 38-13-4
Jams (48 × 1½ lbs. cans) ..	.. Rs. 64-0-6
Orange marmalade (48 × 1½ lb. cans) ..	.. Rs. 60-11-3
Orange squashes (12 × 26 oz. bottles) ..	.. Rs. 20-11-3

Present rates of duty.

9. The protected categories of preserved fruits are covered by items 8(3), 20(1), 20(5), 20(3), 20(8), 20(9) and 20(4) of the First Schedule to the Indian Customs Tariff Act XXXII of 1934, as amended by the Indian Tariff (Amendment) Act of 1949 (12th February, 1949) and the Protective Duties (Miscellaneous Provisions) Act 1949. Under the Tariff (Amendment) Act of 1949, the pre-amendment tariff item 20(1) has been split up into items 20(1) and 20(5) and pre-amendment tariff item 20(3) into items 20(3), 20(8) and 20(9), and also some alterations have been made in the rates of duties and preferential margins. These changes have been made by way of implementation by India of the concessions granted under the General Agreement on Tariffs and Trade signed at Geneva on 30th October, 1947. The relevant tariff items are now as under :

Item No.	Name of article	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the product of manufacture of— The United Kingdom.	A British Colony	Burma	Duration of protective rates of duty.
1	2	3	4	5	6	7	8
8(3)	Fruits, candied and crystallised.	Protective	80 percent. *ad valorem.*	..	..	..	March 31, 1951.
20(1)	Fruit Juices, Squashes, Cordials and Syrups not otherwise specified—						
	(a) manufactured in a British Colony.	Do.	30 percent *ad valorem.*	..	..	..	Do.
	(b) not manufactured in a British Colony.	Do.	40 percent *ad valorem.*	..	..	..	Do.
20(5)	Juices either individually or in mixture of the following fruits, namely : Apricots, Berries, Grapes, Pineapple, Plums, and Prunes.						
	(a) manufactured in a British Colony.	Do.	34 percent. *ad valorem.*	..	..	..	Do.
	(b) not manufactured in a British Colony.	Do.	Rate of duty as actually charged at the time for manufactures in a British Colony *plus* 6% *ad valorem.*	..	..	..	Do.
20(3)	Fruits, canned or bottled, not otherwise specified—						
	(a) manufactured in a British Colony.	Do.	50 percent. *ad valorem.*	..	..	..	Do.
	(b) not manufactured in a British Colony.	Do.	60 percent. *ad valorem.*	..	..	..	Do.

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the product or manufacture of— The United Kingdom.	A British Colony.	Burma.	Duration of protective rates of duty.
1	2	3	4	5	6	7	8
20(8)	Canned fruits—the following, namely :— Apricots, Berries, Grapes, Plums, Prunes, and Fruit Salads composed of not less than 80% in quantity and in value of the above-named fruits—						
	(a) manufactured in a British Colony.	Protective	54 percent. *ad valorem.*	..	..	..	March 31, 1951.
	(b) not manufactured in a British Colony.		Rate of duty as actually changed of at the time for manufactures in a British Colony plus 6% *ad valorem.*				
20(9)	Pineapples, canned—			..	..	..	Do.
	(a) manufactured in a British Colony.	Do.	52 percent. *ad valorem.*	..	..	..	Do.
	(b) not manufactured in a British Colony.	Do.	Rate of duty as actually charged at the time for manufactures in a British Colony *plus* 8% *ad valorem.*	..	..	..	Do.
20(4)	Jams, Jellies and Marmalades, canned or bottled.	Do.	80 percent. *ad valorem.*	..	..	..	Do.

C.i.f. prices and landed costs.

10. The Collectors of Customs, Bombay, Calcutta and Madras, who were requested to furnish, the Board with figures of recent c.i.f. prices of the protected categories of preserved fruits, could not supply the necessary data on the subject. As Australia has been the most important source of imports of fruit products in the post-war period, the Board requested the Indian Government Trade Commissioner in Australia and New Zealand to furnish information on recent f.o.b. prices of fruit products in Australia and also the freight rates from Australian ports

to Indian ports. According to the figures supplied by the Trade Commissioner, the present c.i.f. prices of the protected categories of fruit products are approximately as follows :—

Name of article 1	Specification 2	Export price in Australia 3	Freight at Rs. 70 per ton 4	Insurance @ 1% of the price 5	Total of columns 3, 4 & 5 (c.i.f.) 6
		Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
1. Canned sliced peaches	2 doz. × 30 oz. ..	18 11 10	2 0 6	0 3 0	20 15 4
2. Apricot jams (Balgay Brand).	4 doz. × 24 oz. .. tins—case 1′—4″.	34 1 8	2 15 6	0 5 5	37 6 7
3. Sweet orange marmalade.	4 doz. × 24 oz. .. tins—case 1′—4″.	27 13 8	2 15 6	0 4 4	31 1 6
4. Orange squashes ..	1 doz. × 26 oz. .. bottles—case 1′—3″.	15 2 9	1 13 0	*0 4 10	17 4 7

* Insurance in this case is at 2% of the value.

In the quotations given by the Trade Commissioner, the item comprising "orange squashes" is a mixed one and includes certain costly products such as orange cup, kia ora lemon, grape-fruit, tropical fruit cup L.B.W., lime, raspberry, strawberry, vanilla, banana, pine, grenadine sarsaparilla, O.T. (Winter Drink) cloves, and peppermint. The representatives of the manufacturers present at the inquiry suggested that it would not be fair to compare the Indian product with the article specified in the Trade Commissioner's letter. This was discussed with our Technical Advisers and it was decided that for purposes of fair comparison the c.i.f. price based on the figures supplied by the Trade Commissioner, should be reduced by 15 per cent. Thus reduced, the c.i.f. price comes to Rs. 14-11-1 per case of orange squashes, and this figure has been taken for the purpose of comparison with the fair selling price of the indigenous product.

On the basis of these figures the landed costs ex-duty of imports of protected fruit products at the present time would be approximately as follows :—

	Canned sliced peaches	Apricot jams (Balgay Brand)	Sweet orange marmalade	Orange squashes
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
C.i.f. price	20 15 4	37 6 7	31 1 6	14 11 1
Landing charges	1 4 0	1 0 0	1 0 0	0 8 0
Landed cost without duty	22 3 4	38 6 7	32 1 6	15 3 1

(*N.B.*—The corresponding landed costs ex-duty of these four categories of fruit products at the time of the tariff inquiry in 1946 were respectively Rs. 17-3-9, Rs. 28-1-0, Rs. 30-3-0 and 13-7-8. It will thus be seen that since 1946, there has been an appreciable increase in the landed costs of canned fruits and jams and a small increase in those of marmalade and squashes.)

The Canteen Stores Department (India), Bombay in its letter dated 15th January, 1949, furnished certain figures of c.i.f. prices of Australian canned fruits, assorted jam and orange marmalade, imported in November 1948. According to these figures the c.i.f. prices per unit of canned fruits comes to Rs. 19-15-1, of assorted jams to Rs. 34-1-0 and of marmalades to Rs. 33-4-2. The first figure is less by 5 per cent. the second less by 9 per cent. and the third more by 7 per cent. than the corresponding figures given in the above Table. The difference between the two sets of figures is small. Moreover, the figures supplied by the Indian Government Trade Commissioner in Australia are more up-to-date than those supplied by the Canteen Stores Department. We have, therefore, decided to take the figures furnished by the Trade Commissioner, with the adjustments made above in respect of squashes for purposes of comparison with the fair-selling prices of indigenous products.

Margins of difference between fair selling prices and landed costs.

11. The margins of difference between the fair selling prices and the landed costs of the protected categories of fruit products are shown below :—

—	Canned sliced peaches	Apricot jams (Balgay Brand)	Sweet Orange marmalade	Orange squashes
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
(a) Fair selling price	38 13 4	64 0 6	60 14 9	20 11 3
(b) C.i.f. price	20 15 4	37 6 7	31 1 6	14 11 1
(c) Landing charges	1 4 0	1 0 0	1 0 0	0 8 0
(d) Landed cost without duty	22 3 4	38 6 7	32 1 6	15 3 1
(e) Excess of (a) over (d)	16 10 0	25 9 11	28 13 3	5 8 2
		(Average Rs. 27-3-7)		
(f) Excess of (e) as percentage of c.i.f. *i.e.*, (b)	79·32%	68·48%	92·71%	37·50%
		(Average 80% approx.)		

In the previous Tariff Board inquiry (1946), jams and marmalades were classified into the same tariff item. The same classification may also be followed on the present occasion, and the average of the fair selling prices and that of the landed costs of the two products may be taken for purposes of comparison in determining the extent of protection. On this basis, the margin of difference between the average fair selling prices and landed costs of jams and marmalades comes to Rs. 27-3-7 per case or about 80 per cent. of the c.i.f. price.

Protection or assistance claimed by the industry.

12. In a memorandum dated 4th August, 1948, submitted by the All-India Food Preservers' Association, it has been suggested that protection to the preserved fruits industry should be given in the form of subsidies and not by means of import duties. The Association claims that this industry is of national importance from the nutritional point of view, that preserved fruits, as essential article of diet, should be made available to the public at the same price as in other countries and that, for this purpose the difference between the fair selling prices of fruit products manufactured in India and the current prices of corresponding products in foreign countries should be made up by the grant of a subsidy on Indian products. The Association estimates that, on this basis, the rate of subsidy would work out to 8 annas per lb. of jams, jellies and marmalades 4 annas per lb. of fruits in syrups, and 8 annas per lb. of squashes. The Association further claims that preserved vegetables should also be included under the scheme of protection and estimates that the subsidy in this case would work out to Re. 0-5-3 per lb. It is also suggested that such subsidies should be given on an estimated annual production of 90,000 tons of preserved fruits and vegetables and that some 60 well-equipped and properly managed factories should be selected to produce this amount of fruit products. On this basis, it is estimated that the cost of the subsidy would be about Rs. 7 crores per annum. It is also stated that 15 such well-equipped factories may come into operation almost immediately and that the remaining 45 factories could be brought into existence within a period of five years, and it is estimated that the cost of subsidies would be about Rs. 75 lakhs per annum for the first two years which will gradually rise to Rs. 7 crores at the end of the fifth year. As an alternative method, the Association has suggested that the existing protective duties might be maintained and that the additional protection now claimed might be given by means of subsidies at the rate of 4 annas per lb. of jams and marmalades, 2 annas per lb. of fruit juices and squashes, and Re. 0-1-6 per lb. of canned and bottled fruits, and Re. 0-3-3 per lb. of vegetables. The Association has also claimed that (i) the excise duty on the sugar used by the industry should be refunded, (ii) that 500|1,000 tons of American tinplate should be imported free of duty for the industry, (iii) that all machinery required for the use of the industry should be exempted from import duty and (iv) that, as recommended in the Tariff Board Report of 1946, three-fourths of the licence fee at the rate of Re. 1. per Rs. 100 worth of fruit products collected under the Fruit Products Order should be set aside in a special Research and Development Fund to which an equal amount should be

contributed by the Government of India. The U.P. Fruit Products Association, in its letter No. P.|48, dated 9th March, 1949, addressed to the Hon'ble Minister for Commerce, Government of India, has also claimed that the amount of sugar required for the preserved fruits industry should be made available to it at prices at which it is available in Australia and other competing countries.

Board's comments on industry's claim for protection or assistance.

13. The Board does not consider that, in the context of present levels of income and standards of consumption in the country, preserved fruits should be regarded as an article of essential diet for the general public. Even if it was found to be desirable to make preserved fruits available in the country at a low cost by means of a State subsidy, the adoption of such a course would be impracticable at the present time. For, the industry, as at present constituted, comprises a large number of units with varying sizes and degrees of efficiency and with considerable variations in the range and amount of their production. Moreover, the sanitary conditions in many of the factories are far from satisfactory ; thus, for example, in spite of a lenient enforcement of the Fruit Products Order, as many as 40 per cent. out of the 295 licensed factories (as at the end of the term ended 31st December, 1948) have been placed in categories C and D owing to their premises being positively unhygienic. In our opinion, therefore, it is not practicable to help such an industry by means of subsidies. It is true that the Fruit Preservers' Association has suggested that the subsidy should be given to fifteen selected units in the first instance and to fortyfive more units at a later stage. If this proposal were to be accepted, it will be necessary for Government or Industry to draw up a definite plan for the development of this industry, make a selection of suitable units from among the existing ones with due regard to their location and efficiency, and take steps to see that the quality of their production is up to the standard. No such definite plan of development has been placed before us. The plan of development submitted by the Fruit Preservers' Association is vague and not founded on a basis of facts. In these circumstances, therefore. the Board considers that it is impracticable to adopt a scheme of subsidies for the development of the industry. As regards the claim for a refund of the excise duty on sugar, it may be mentioned that such a refund was recommended by the Board in its last Report, but that recommendation was not accepted by Government. In the present inquiry, however, the Board's estimate of fair selling prices of indigenous fruit products includes the excise duty at the rate of Rs. 3-12-0 per cwt. Therefore the question of refund of the excise duty does not arise. Regarding the industry's demand that the amount of sugar required for it should be made available at a low price by means of a subsidy, we may mention that the Ministry of Agriculture, Government of India, in their letter No. F.2-11|Sug., dated 9th June, 1948 requested the Sugar Syndicate to supply sugar to the preserved fruits industry at a reduced rate, but the Syndicate did not see its way to

comply with the request. As regards the supply of American tinplate to the industry free of duty, the Board has been informed that at the present time only indigenous tinplates are used by the preserved fruits industry. Consequently, the question of exemption of imported tinplate from duty does not arise. As regards the exemption of imported machinery from the payment of duty, it may be mentioned that Government have recently reduced the duty on machinery from 10 per cent. to 5 per cent. The Board does not consider it necessary to recommend any further concession in this matter. As for the creation of a Research and Development Fund, we have already recommended in paragraph 5(d) above that a suitable portion of the enhanced licence fee should be set aside for a separate Research and Development Fund. The industry's claim that packed vegetables should be included within the scope of protection for the preserved fruits industry cannot be entertained because, this being a review case, its scope has to be limited to those products which have already been granted protection.

Grant of subsidy and sugar concession in Australia.

14. The representatives of the industry informed the Board that the Australian Government granted a subsidy to the fruit processing industry and also a rebate on the price of sugar so as to make it available to the industry at the world price. We addressed the Australian Government Trade Commissioner in India to furnish necessary information on this subject. The Commissioner has forwarded a statement (See Appendix VIII) in which the present position regarding the grant of sugar concession in Australia is fully explained. According to this statement, since 1930, the Australian Commonwealth Government have given no financial assistance to the fruit processing industry. It is, however, stated that under the Sugar Agreement Act, a provision has been made for an annual grant by the *sugar interests,* which is designed to assist fruit processing industry; that the fund is placed at the disposal of, and is administered by, the Fruit Industry Sugar Concession Committee; that this is, in effect, a grant from the sugar interests to the fruit processing industry; and that the fund is expended in the following directions :—

(a) payment of a domestic rebate on sugar at the rate (at present) of A. £2|4 per ton to fruit processors;

(b) payment of an export sugar rebate so as to supply sugar to exporters of canned fruits at world price; (no rebate under this heading has been paid since 1941-42, because world price of sugar has been above the Australian price); and

(c) promotion of the use and sale of manufactured fruit products; under this heading, the funds have been largely spent on advertisement and horticultural development and occasionally for giving bounties on exports of fruit products to the U.K. and Canada.

It will be noted that the Australian Commonwealth Government do not at present grant any subsidy to the preserved fruits industry and that

the sugar concessions enjoyed by the industry in that country are given from a special fund which is entirely contributed by the sugar interests. It would appear that this assistance is given by the sugar interests partly as a compensation for the high price of sugar owing to the protective duty and partly to promote the development of the fruit processing industry which is a large consumer of sugar. We suggest that Indian sugar industry should favourably consider the question of creating a special fund for granting such a concession for the preserved fruits industry.

Measure of protection recommended by the Board.

15. Having found that it is impracticable at the present time to protect the industry by means of subsidies, the Board considers that protection to the industry should continue to be given by means of import duties. The figures of comparative costs given in paragraph 11 above, indicate protective duties at the rate of 37.50 per cent. for squashes, 79.32 per cent. for canned sliced peaches and 80 per cent. for jams and marmalade. We consider that a duty at the rate of 40 per cent. for squashes, 80 per cent. for canned peaches and 80 per cent. for jams and marmalades should be adequate. According to the present classification in the Import Tariff Schedule, the rate of 40 per cent. duty on squashes should be applicable to items 20(1) and 20(5), the rate of 80 per cent. on canned sliced peaches to items 20(3), 20(8) and 20(9), and the rate of 80 per cent. on jams and marmalade to items 8(3) and 20(4). It is to be noted that, under our present proposals, the rate of duty on items 20(3), 20(8) and 20(9) will be increased from 60 to 80 per cent. while the rate of duty on all other items will remain unchanged. In this connection, it may be mentioned that the main source of competition being Australia and the landed costs taken for purposes of comparison being those of Australian products, the rates of duty indicated here are applicable to fruit products 'not manufactured in a British Colony'. Fruit products manufactured in a British Colony are entitled to certain preferential margins under the Indo-British Trade Agreement of 1939, as modified by the General Agreement on Tariffs and Trade, 1947; the preferential margins on these products should be maintained at their present level. As regards the period of protection, the Tariff Board in its Report of 1946 recommended protection for this industry for a period of three years and this recommendation was accepted by Government. As protective duties came into force from 12th January, 1948, protection has been enjoyed by the industry for one year and three months only. We recommended that the protective duties now proposed by us should be continued for the period ending 31st March, 1951.

Proposed changes in Tariff Schedule.

16. If our proposals regarding protective duties are accepted by Government, the relevant items in the Tariff Schedule should be as under :—

Item No.	Name of article	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of— The United Kingdom.	A British Colony.	Burma.	Duration of protective rates of duty
1	2	3	4	5	6	7	8
8(3)	Fruits, candied & crystallised.	Protective	80 percent *ad valorem.*	..	..	..	**March 31, 1951.**
20(1)	Fruit Juices, Squashes, Cordials and syrups not otherwise specified.						
	(a) manufactured in a British colony.	Do.	30 per cent. *ad valorem.*	..	..	..	Do.
	(b) not manufactured in a British colony.	Do.	40 per cent. *ad valorem.*	..	..	..	Do.
20(5)	Juices either individually or in mixture of the following fruits, namely, Apricots, Berries, Grapes, Pineapple, plums and Prunes:						
	(a) manufactured in a British colony.	Do.	34 per cent. *ad valorem.*	..	..	..	Do.
	(b) not manufactured in a British colony.	Do.	Rate of duty as actually charged at the time for manufactures in a British colony *plus* 6% *ad valorem.*	..	..	..	Do.
20(3)	Fruits, canned or bottled, not otherwise specified —						
	(a) manufactured in a British colony.	Do.	70 per cent. *ad valorem.*	..	..	..	Do.
	(b) not manufactured in a British colony.	Do.	80 per cent. *ad valorem.* ..	..	..	..	Do.
20(8)	Canned fruits—the following, namely, Apricots, Berries, Grapes, Plums, Prunes, and Fruit Salads composed of not less than 80% in quantity and in value of above-named fruits—						
	(a) manufactured in a British colony.	Do.	74 per cent. *ad valorem.*	..	..	..	Do.
	(b) not manufactured in a British colony.	Do.	Rate of duty as actually charged at the time for manufactures in a British Colony *plus* 6% *ad-valorem.*	..	..	..	Do.

Item No.	Name of article	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the product of manufacture of— The United Kingdom.	A British Colony.	Burma.	Duration of protective rates of duty
1	2	3	4	5	6	7	8
20(9)	Pin-apples, canned—						
	(a) manufactured in a British colony.	Protective	72 per cent. *ad valorem.*	..	..	..	March 31, 1951
	(b) not manufactured in a British Colony.	Do.	Rate of duty as actually charged at the time for manufactures in a British Colony plus 8% *ad valorem.*	..	..	..	Do.
20(4)	Jams, Jellies & Marmalades, canned or bottled.	Do.	80 per cent. *ad valorem.*	..	..	..	Do.

It may be noted that the changes proposed are that (i) the rate of duty on tariff items 20(3), 20(8) and 20(9), should be increased by 20 per cent. and (ii) that the protective duties should be continued for the period ending 31st March 1951.

Purchase of indigenous fruit products for the Defence Services.

17. The industry has claimed that the fruit products required for the Defence Services should be purchased from indigenous sources. We consider that this is a legitimate claim. We recommend that the Ministry of Defence, in consultation with the Ministry of Agriculture, should lay down suitable specifications for fruit products required for the Defence Services and that, subject to their quality being satisfactory and prices reasonable, the entire requirement of the Defence Services in respect of these products should be purchased from indigenous manufacturers.

Import control not necessary for protection.

18. In paragraph 6(b) above, we have indicated the provisions of the present import control in respect of the protected categories of fruit products. The rates of protective duties we have proposed, should, in our opinion, give adequate protection to the preserved fruits industry. Consequently, import control in respect of these product will not be necessary for purposes of protection.

19. Our conclusions and recommendations may be summarised as under :—

Summary of conclusions and recommendations.

(i) The object of the present inquiry is to find out (a) whether, on the basis of current cost of production in the country and c.i.f. prices of competitive imports, there is a case for increase in the amount of protection, and (b) whether the necessary protection to the industry should be given by means of subsidies or through the imposition of import duties or by a combination of both. (Paragraph 3).

(ii) Owing to the rise in the cost of production appreciably above the estimate made by the Tariff Board in its previous inquiry (1946), the amount of protection actually enjoyed by the industry fell short of the measure recommended by the Board. Moreover, owing to the prevalence of unfavourable economic conditions in the country since the middle of 1946, the expected expansion and improvement in the industry has not taken place. [Paragraph 5(a)].

(iii) All the bigger factories should now improve their mechanical equipment and process of manufacture so as to increase their productive efficiency and competitive strength. [Paragraph 5(a)].

(iv) According to the statistics furnished by the Fruit Development Adviser to the Government of India, the output of fruit products, during the year ended 30th June, 1948, was 94,44,571 lbs. (or about 4,216 tons) valued at Rs. 67,51,483 ; the output of the protected categories of fruit products was 47,87,301 lbs. (or about 2,137 tons) valued at Rs. 39,03,318. The number of licensed factories during the term ended 31st December, 1948 was 295. The statistics given here do not include the production figures of unlicensed factories which submit no returns. [Paragraph 5(b)].

(v) The fruits available to the industry were not properly graded with due regard to their maturity and size. This was a great handicap to the industry. We re-affirm the recommendation made by the Board in its previous Report (1946) that the Central, Provincial and State Governments should initiate at an early date a co-ordinated policy of horticultural development including production, grading and marketing. [Paragraph 5(c)].

(vi) Since the last inquiry in 1946, the quality of the fruit products has not improved to an appreciable extent and there has been practically no improvement on the technical side of the industry. Government should employ for a short time six experts to offer advice and guidance to the fruit products factories free of cost. The factories should employ students trained at the Indian Institute of Fruit Technology. The Provincial Governments should strictly enforce the standards of sanitation, quality and composition as laid down in the Fruit Products Order. An appreciable portion of the enhanced licence fee should be set aside for a separate Research and Development Fund ; and such a fund should be set up at an early date. [Paragraph 5(d)].

(vii) Statistics of imports of fruit products in recent months are not available. According to the figures supplied by the Ministry of Commerce, during the year 1947-48, 2,579 cwts. of canned or bottled fruits valued at Rs. 1,94,943 and 37,510 cwts. of jams and jellies valued at Rs. 22,79,640 were imported. These figures, however, include imports into Sind up to 31st July, 1947 and those into East Bengal up to 14th August, 1947. The available statistics of imports show that squashes and juices have not been imported during the last three years. We recommend that the protected categories of fruit products should be separately shown, item by item, in the Import Trade Control Schedule as well as in the Accounts relating to the Sea-Borne trade. [Paragraphs 6(a) and 6(b)].

(viii) The present position of import control regulation in respect of the protected items of fruit products is stated in paragraph 6(b).

(ix) The expression 'canned or bottles' occurring in import tariff items 20(3), 20(8), 20(9) and 20(4) should be amplified so as to read as 'canned, bottled or otherwise packed'. This will minimise the possibility of evasion of duties as well as of import control. [Paragraph 6(c)].

(x) The present demand, for the protected categories of fruit products is estimated at 82,833 cwts. (Paragraph 7).

(xi) The Board's estimate of costs of production and fair selling prices of fruit products has been given in paragraph 8.

(xii) The most important source of imports of fruit products is Australia. The figures of the latest c.i.f. prices and landed costs of Australian fruit products have been stated in paragraph 10.

(xiii) The Board considers that it is impracticable to adopt a scheme of subsidies for the development of the industry. The question of a refund of the excise duty on sugar does not arise. (Paragraph 13).

(xiv) This being a review case, its scope has been limited to those products which have already been granted protection. Consequently, the industry's claim that preserved vegetables should be included within the scope of protection cannot be entertained. (Paragraph 13).

(xv) The preserved fruits industry in Australia is in receipt of certain rebates on sugar prices. But these rebates are given from a special fund which is entirely contributed by the sugar interests of that country. The Indian sugar industry should favourably consider the question of creating a special fund for granting such a concession to the preserved fruits industry. (Paragraph 14).

(xvi) The present rates of duty on items 8(3), 20(1), 20(5), and 20(4) should remain unchanged; the rate of non-preferential duty on tariff items 20(3), 20(8) and 20(9) should be increased from 60 per cent. to 80 per cent. *ad valorem*; and the preferential margins in favour of

fruit products manufactured in a British Colony should be maintained at their present level. These duties should remain in force until 31st March 1951. (Paragraph 15.)

(xvii) If our recommendations are accepted, the relative items of the Tariff Schedule should be changed as indicated in paragraph 16.

(xviii) The Ministry of Defence, in consultation with the Ministry of Agriculture, should lay down suitable specifications for fruit products required for the Defence Services and, subject to their quality being satisfactory and prices reasonable, the entire requirement of the Defence Services in respect of these products should be purchased from indigenous manufacturers. (Paragraph 17).

(xix) The rates of protective duties we have proposed should give adequate protection to the industry and, consequently, import control in respect of the protected categories of fruit products will not be necessary for purposes of protection. (Paragraph 18).

Acknowlegdments.

20. We wish to express our thanks to Mr. N. T. Mone, I.C.S., Joint Secretary to the Government of India, Ministry of Agriculture, Dr. J. S. Chima, Fruit Development Adviser to the Government of India, Dr. Girdharilal. Bio-Chemist, Institute of Fruit Technology, New Delhi and Mr. O. N. Anand, Cost Accounts Officer for the valuable help they gave us in connection with the inquiry.

G. L. MEHTA, *President.*

H. L. DEY, *Member.*

B. V. NARAYANASWAMY, *Member.*

R. DORAISWAMY,
Secretary.

BOMBAY,
3rd May, 1949.

APPENDIX I.

(Vide paragraph 4).

List of associations and persons to whom questionnaires were issued and who forwarded their replies or memoranda to the Board.

(*) Those who have replied to the questionnaires or have sent memoranda.

(†) Those who have not sent their replies or memoranda.

(‡) Those who are not interested.

Producers :

*1. M|s Pure Products & Madhu Canning Co., Ltd., 12, Bell Lane, Fort, Bombay.

*2. Corn Products Co. (India) Ltd., P. O. Box No. 994, Bombay.

*3. D. & P. Products, 72, Palidanda Road, Bandra.

4. M|s. Hind Laboratories Ltd., 217|19, Shivaji Park, North End Cadell Road Junction, Bombay.

5. Tims Products Ltd., Hindustan Building, 31-4, Rashmoni Road, Calcutta.

6. India Collective Farms Ltd., 15, Clive Street, Calcutta.

7. Bengal Collective Industries & Farms Ltd., 56, Bentinck Street, Calcutta.

8. Bengal Canning & Condiment Works Ltd., 15, Clive Street, Calcutta.

*9. M|s India Fruit Ltd., Kadiam (East Godhavari Dist.)

*10. Indian Canning Industries Ltd., Bezwada.

11. Pal's Fruits Products (India) G.T. Road, Amritsar.

*12. The Glacier Products (India), Pathankote.

*13. Kuldip Fruits, Preserving Co., Kuldip Nagar, Ambala Cantt.

14. Teg Products, Bahadur Gardh Fruits Farms, Patiala.

*15. Ravenscroft Ltd., Rajbagh, Srinagar.

*16. G. G. Fruits Preserving Factory, Agra & Haldwani.

17. Bharat Refrigeration Corporation Ltd., Anjani Ambha Road, Nagpur.

*18. Central Hindustan Orange and Cold Storage Co. Ltd., Nagpur.

19. Rathudi Fruits Preserving Factory, Gorakhpur Road, Jubbulpore.

20. Northland Industries, Paharganj, New Delhi.

21. Himalayan Fruits Industries Ltd., Khari Baoli, Delhi.

22. Narula & Co. Ltd., Cannought Place, New Delhi.

23. Srikissen Dutt & Co., 128 middle Road, Calcutta.

24. Fruits Preserver's Co-operative Society Ltd., 86, Himmatganj, G. T. Road, Allahabad.

25. Sraswati Food Products, P. O. Abdullahpur, Jagadhari.

Consumers :

*1. Taj Mahal Hotel, Apollo Bunder, Bombay.

*2. Majestic Hotel, Bombay.

*3. Grand Hotel, Ballard Estate, Bombay.

4. Firpo, Chowringhee, Calcutta.

5. Great Eastern Hotel, 1, 2, & 3 Old Court House Street, Calcutta.

6. Spencer & Co. (India) Ltd., 32, Chowringhee, Calcutta.

7. Woodlands Hotel, Royapettah Road, Madras.

8. Connemara Hotel, Mount Road, Madras.

Importers :

*1. Shah & Co., Sitaram Building, Crawford Market, Bombay.

*2. Herbertson Ltd., 11-18 Elphinstone Circle, Bombay.

3. K. M. Saboowala & Co., 330—334 Crawford Market, Bombay.

*4. Yazdani & Co. Ltd., Sitaram Building, Crawford Market, Bombay.

*5. Empire Stores, Crawford Market, Bombay.

‡6. Great Eastern Stores, 30, Chowringhee, Calcutta.

7. Army & Navy Stores, 41, Chowringhee, Calcutta.

8. Mazda Ltd., Lindsay Street, Calcutta.

9. V. P. Stores, P. O. Box 8939, Calcutta.

‡10. O. N. Mukerjee Stores, 3, Lindsay Street, Calcutta.

11. Spencer & Co., (India) Ltd., 32, Chowringhee, Calcutta.

*12. Daw Sen & Co., 29, South Road Entally, No. 10 Lindsay Street, Calcutta.

13. A. Firpo & Co. Ltd., 18-6 Chowringhee, Calcutta.

14. B. N. & Co., Kidderpore, Calcutta.

*15. Bombay Provision Merchants Association, C/o Empire Stores, Crawford Market, Bombay.

*16. R. N. Rustomji & Co., Shrinivas House, Ground floor, Waudby Road, P. O. No. 884, Bombay.

*17. Graham Trading Co., Bombay.

Associations :

†1. All India Food Preserver's Association, 98, Dadar Main Road, Bombay.

2. All India Food Preserver's Association, 18, Aurangazeb Road, New Delhi.

Others :

*1. The Metal Box Co. of India Ltd., P. B. No. 2123, Kidderpore, Calcutta.

Glass Manufacturers :

1. Bhibhuthi Glass Works, Ramnagar, New Delhi.

*2. The Bombay Glass Works, Dadar, Bombay.

*3. Victoria Glass Works, Calcutta.

APPENDIX II.

(Vide paragraph 4).

List of persons who attended the Public Inquiry and gave oral evidence.

PRODUCERS

1. Mr. T. H. Sethi	representing	G. G. Fruit Preserving Factory, Agra & Haldwani.
2. Mr. P. B. Mathur.. ..	"	Fruit Preserver's Co-operative Society Allahabad.
3. Mr. N. Y. Kashalkar ..	"	The Glacier Products (India), Pathankot.
4. Mr. Kailashnath (Secretary)	"	All-India Food Preservers' Association.
5. Mr. Philip H. Brown Mr. B. B. Sardeshpande ..	"	Corn Products (India) Ltd., Bombay.
6. Mr. D. C. Dastur ..	"	D. & P. Products, Bandra.
7. Mr. L. U. Desouza ..	"	Central Hindustan Orange & Cold Storage Co. Ltd., Nagpur.
8. Mr. D. K. Dutt (Vice President). Mr. H. C. Bhatnagar (Chairman, Technical Committee).	"	All India Food Preservers' Association, Eastern Zone.

IMPORTERS:

1. Mr. R. J. Randeria ..	"	Bombay Provision Merchants' Association, Bombay.
2. Mr. Dinshaw B. Irani ..	"	Empire Stores, Bombay.
3. Mr. R. N. Rustomji ..	"	R. N. Rustomji & Co., Bombay.
4. Mr. R. M. Rustom ..	"	Shah & Co., Bombay.
5. Mr. H. C. Rana	"	Yazdani & Co., Ltd., Bombay.

GLASS MANUFACTURERS:

1. Mr. Edmond Lindenberger	"	Bombay Glass Works Ltd., Bombay.

OTHERS:

1. Mr. S. D. Shubart ..	"	Australian Trade Commissioner, Bombay.

OFFICIALS:

1. Mr. N. T. Mone, I.C.S. ..	"	Joint Secretary to the Ministry of Agriculture, New Delhi.
2. Dr. J. S. Chima	"	Fruit Development Advisor to the Government of India.
3. Dr. S. S. Varma	"	Assistant Fruit Development Adviser to the Government of India.
4. Mr. S. P. Joshi	"	Senior Inspector.
5. Dr. Girdharilal	"	Bio-chemist, Institute of Fruit Technology, New Delhi.

APPENDIX III.

[Vide paragraph 5(b)].

Statement showing the figures of output and value of different fruit products for the year ended 30th June 1948.

(Figures furnished by Fruit Development Adviser).

	Production of Fruit Products.	
	Lbs.	Rs.
I.—PROTECTED CATEGORIES:		
(1) Fruits beverages, *i.e.*, Fruit Juices, Squashes, Cordials and Syrups	34,06,232	27,14,165
(2) (*a*) Jams, Jellies and Marmalade	9,61,469	7,89,586
(*b*) Candied and Crystallised Fruits	97,315	1,12,461
(3) Canned Fruits	3,22,285	2,87,106
Total ..	47,87,301 or (2137·19 tons)	39,03,318
II.—NON-PROTECTED CATEGORIES:		
(1) Canned Vegetables	70,939	56,921
(2) Ketchups	83,694	76,924
(3) Chutney and Pickles	23,56,991	13,95,277
(4) Sauces	50,532	34,302
(5) Vinegar	4,66,550	1,57,525
(6) Preservers	15,86,329	10,92,130
(7) Dried and Salted Fruits	42,235	35,086
Total ..	46,57,270 or (2079·14 tons)	28,48,165
GRAND TOTAL (I plus II) ..	94,44,571 or (4216·33 tons)	67,51,483
Percentage of the total of the protected items to the grand total	50·69%	57·81%

APPENDIX [illegible]

[Vide paragraph 9(a)].

Statement showing the quantity and value of (1) Canned or Bottled fruits and (2) Jams and Jellies imported, by sea, into India from abroad during each of the years 1945-46, 1946-47 and 1947-48.

Articles and countries of consignment.	1945-46		1946-47		1947-48	
	Cwt.	Rs.	Cwt.	Rs.	Cwt.	Rs.
1. CANNED OR BOTTLED FRUITS—						
From United Kingdom	106	5,394	21	3,313	1	349
Palestine	..	..	26	2,909	20	2,956
Ceylon	123	4,915	2	390	14	707
Strait Settlements	..	..	..	..	3	384
Hongkong	..	..	..	..	13	1,718
Zanzibar and Pemba	..	..	..	..	..	16
Union of South Africa	3,461	153,027	190	11,627	..	..
Canada	..	..	..	..	121	14,227
Commonwealth of Australia	380	15,548	6,578	307,349	1,217	76,422
Newzealand	..	15	..	..	..	4
Spain	..	..	..	10	..	..
Italy	..	..	..	..	25	6,120
Iraq	..	..	..	140	..	..
United States of America	154	11,150	930	43,123	1,165	92,040
Madagascar and Kerguelon	..	..	..	5	..	..
Total ..	4,224	190,049	7,747	368,866	2,579	194,943
2. JAMS AND JELLIES—						
From United Kingdom	127	8,627	191	13,261	375	14,635
Ceylon	..	..	..	12	1	54
Strait Settlements	..	..	..	10	280	7,711
Zanzibar and Pemba	..	..	..	..	2	72
Union of South Africa	3,366	141,623	680	28,023	..	..
Canada	..	..	2	83	2,027	151,776
Commonwealth of Australia	18,397	763,694	6,603	364,324	34,019	2,042,543
Newzealand	..	..	..	..	..	60
Sweden	..	..	12	650	..	..
United States of America	4	758	14	2,163	806	62,789
Total ..	21,894	914,702	7,502	408,526	37,510	2,279,640

NOTE.—The figures for 1947-48 exclude imports into the Pakistan Provinces of Sind and East Bengal, if any, during the period from the 1st and the 15th August 1947 respectively to the end of February 1948.

APPENDIX V

[Vide paragraph 6(b)].

Tabular statement of Import Control Regulation regarding Fruit Products from January 1948 to June 1949.

S. No. of I.T.C. Schedule	Description	Import Tariff No.	Dollar area	Hard currency countries	Sterling and soft Currency countries	Remarks.
	(i) Licensing period January-June 1948					
Part IV						
75	Vegetable products, Jams, Jellies, Pickles, chutnies, sauces & condiments, canned or bottled	20	No licence will be granted.			
76	Fruit Juices	20(1)	Do.			
77	Fruits & vegetables canned or bottled	20(2)	Do.			
78	Canned or bottled provisions not otherwise specified	21	Do.			
	(ii) Licensing period July-December 1948					Sweden Switzerland.
75	Vegetable products, Jams, Jellies, Pickles, chutnies, sauces & condiments canned or bottled.	20	No Licence will be granted.	No Licence will be granted.	Subject to monetary ceilings.	No Licence will be granted.
76	Fruit Juices	20(1)	Do.	Do.	Do.	Do.
77	Fruits & vegetables, canned or bottled	20(2)	Do.	Do.	Do.	Do.
78	Canned or bottled, provisions not otherwise specified.	21	Do.	Do.	Do.	Subject to monetary ceiling.
	(iii) Licensing period January-June 1949					
75	Vegetable products, Jams, Jellies, Pickles, chutnies, sauces and condiments canned or bottled.	20	No Licence will be granted.	No Licence will be granted.	Subject to monetary ceilings.	Saffron in tins is covered by O.G.L.XI.
76	Fruit Juices	20(1)	Do.	Do.	Do.	
77	Fruits & vegetables, canned or bottled	20(2)	Do.	Do.	Do.	
78	Canned or bottled, provisions not otherwise specified.	21	Do.	Do.	O. G. L. XI.	

APPENDIX VI

[Vide paragraph 8(c)].

Details regarding freight allowance.

	Rs.
I.—*Canned Fruits, Jams and Marmalade*—(Class 12)—	
Freight for the 1st 300 miles @ 1·11 pies per maund per mile	1·734
Freight for the next 300 miles @ 1·04 pies per maund per mile	1·625
Freight charge for 600 miles per maund	3·359
(*i*) Canned Fruits per case weighing 65 lbs.	2·663
(*ii*) Jams and Marmalade per case weighing 95 lbs.	3·892
II.—*Squashes*—(Class 8)—	
Freight for the 1st 300 miles @ 0·84 pies per maund per mile	1·312
Freight for the next 300 miles @ 0·78 pies per maund per mile	1·219
Freight charge for 600 miles per maund	2·531
∴ Orange Squashes per case weighing 58 lbs.	1·790

APPENDIX VII.

[Vide paragraph 8(d)]

TABLE I

Estimate of cost of production and fair selling price of one case (24 × A 2½ sanitary cans ; content weight 45 lbs.) of fruit in syrup.

(Estimated output=10,00,000 lbs.)

Items	Peaches.					
	1946 estimate			1949 estimate		
	Quantity	Rate per md.	Amount	Quantity	Rate per md.	Amount
	lbs.	Rs.	Rs.	lbs.	Rs.	Rs.
1. Materials :						
(*a*) Fruit (inc. wastage) ..	40·5	23·0	11·360	40·5	26·5	13·088
(*b*) Sugar	12·0	26·0	3·805	12·0	32·547	4·746
Total Materials Cost ..			15·165			17·834
2. Labour			0·771			1·156
3. Other Expenses			2·133			2·453
4. Depreciation			0·513			0·513
5. Research & Development ..			0·234			0·234
6. Packing			7·085			9·705
7. Advertisement			0·900			1·350
8. Interest on working capital at 4% on Rs. 2 lakhs.			0·360			0·360
			27·161			33·605
Less—Excise duty on sugar at Rs. 3 per cwt. if sugar is supplied free of excise duty.			0·321			..
Less—Reduction in cost of cans if tinplate for cans is imported duty free.			0·545			..
Total deductions ..			0·866			..
			26·295			33·605
9. Spoilage at 5 per cent. ..			1·303			1·665
			27·598			35·270
10. Freight allowance			1·313			2·663
Net cost of Production ..			28·911			37·933
11. Return on fixed capital at 10 per cent. on 2 lakhs.			0·900			0·900
Fair Selling Price			29·811 or Rs. 29-13-0 per case.			38·833 or Rs. 38-13-4 per case.

APPENDIX VII.—*contd.*

TABLE 2.

Estimate of cost of production and fair selling price of one case (48 × 1½ lbs. cans ; content weight 72-lbs.) of Apricot jam.

Estimated output=10,00,000 lbs).

Items	Apricot Jam					
	1946 estimate			1949 estimate		
	Quantity	Rate per md.	Amount	Quantity	Rate per md.	Amount
1. Materials—	lbs.	Rs.	Rs.	lbs.	Rs.	Rs.
(a) Fruit (including wastage) ..	54	21·0	13·829	54	17·5	11·524
(b) Sugar	48	26·0	15·219	48	32·547	18·986
Total Materials cost ..			29·048			30·510
2. Labour			1·233			1·850
3. Other expenses			3·413			3·925
4. Depreciation			0·820			0·820
5. Research & Development ..			0·375			0·375
6. Packing			11·222			15·719
7. Advertisement			1·440			2·160
8. Interest on working capital @4% on Rs. 2 lakhs.			0·576			0·576
			48·127			55·935
Less—Excise duty on sugar @ Rs. 3 per cwt. if sugar is supplied free of Excise duty.			1·284			..
Less—Reduction in cost of cans if Tin plates for cans is imported duty free.			1·008			..
Total deductions ..			2·292			..
9. Spoilage @ 5%			45·835 2·273			55·935 2·765
10. Freight allowance			48·108 2·875			58·700 3·892
Net cost of production .. 11. Return on fixed capital @ 10% on Rs 2 lakhs.			50·983 1·440			62·592 1·440
Fair Selling price			52·423 or Rs. 52-6-9 per case.			64·032 or Rs. 64-0-6 per case.

APPENDIX VII.—*contd.*

TABLE 3

***Estimate** of cost of production and fair selling price of one case* (48 × 1½ *lbs. cans ; content weight—72 lbs.*) *of orange marmalade.*

(Estimated output=10,00,000 lbs.)

Items	Orange Marmalade.					
	1946 estimate			1949 estimate		
	Quantity	Rate per md.	Amount	Quantity	Rate per md.	Amount
1. Materials :—	lbs.	Rs.	Rs.	lbs.	Rs.	Rs.
(*a*) Fruit (including Wastage) ..	54	11·00	7·244	54	13·0	8·561
(*b*) Sugar	48	26·00	15·219	48	32·547	18·986
Total Materials Cost ..			22·463			27·547
2. Labour			1·233			1·850
3. Other Expenses			3·413			3·925
4. Depreciation			0·820			0·820
5. Research & Development ..			0·375			0·375
6. Packing			11·222			15·719
7. Advertisement			1·440			2·160
8. Interest on Working Capital at 4% on Rs. 2 lakhs			0·576			0·576
			41·542			52·972
Less—Excise duty on Sugar at Rs. 3 per cwt. if Sugar is supplied free of Excise duty.			1·284			..
Less—Reduction in cost of Cans if Tinplate for cans is imported duty free.			1·008			
Total deductions ..			2·292			..
			39·250			52·972
9. Spoilage at 5%			1·944			2·617
			41·194			55·589
10. Freight allowance			2·875			3·892
Net cost of production ..			44·069			59·481
11. Return on fixed capital at 10% on Rs. 2 lakhs.			1·440			1·440
Fair Selling Price ..			45·509 or Rs. 45-8-2 per case.			60·921 or Rs. 60-14-9 per case.

APPENDIX VII—*contd.*

TABLE 4.

Estimate of cost of production and fair selling price of one case (12×26 oz. bottles; content weight 24 lbs.) of orange squash.

(Estimated output=20,00,000 lbs.)

Items	Orange Squashes.					
	1946 estimate			1949 estimate		
	Quantity	Rate per md.	Amount	Quantity	Rate per md.	Amount
1. Materials.—	lbs.	Rs.	Rs.	lbs.	Rs.	Rs.
(a) Fruit (including Wastage) ..	17·14	13·0	2·717	17·14	13·00	2·717
(b) Sugar	10·80	26·0	3·421	10·80	32·547	4·272
(c) Other materials			0·427			0·427
Total Materials Cost ..			6·568			7·416
2. Labour			0·422			0·633
3. Other expenses			0·922			1·060
4. Depreciation			0·117			0·117
5. Research & Development ..			0·125			0·125
6. Packing			6·613			7·987
7. Advertisement			0·240			0·360
8. Interest on Working Capital at 4% on Rs. 2 lakhs.			0·096			0·096
			15·133			17·794
Less—Excise duty on Sugar at Rs. 3 per cwt. if Sugar is supplied free of Excise duty.			0·289			..
			14·844			17·794
9. Spoilage at 5%			0·736			0·881
			15·580			18·675
10. Freight allowance			1·750			1·790
Net cost of production ..			17·330			20·465
11. Return on fixed capital at 10% on Rs. 2 lakhs.			0·240			0·240
Fair Selling Price ..			17·570 or Rs. 17-9-1 per case			20·705 or Rs. 20-11-3 per case

APPENDIX VII—*contd.*

TABLE 5

Statement of Packing Cost.

Items	1946 estimate			1949 estimate		
	Case of 24 × A 2½ cans	Case of 48 × 1½ lbs. cans	Case of 1 doz. 26 ozs. bottles	Case of 24 × A 2½ cans	Case of 48 × 1½ lbs. cans	Case of 1 doz. 26 ozs. bottles
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cans	4·110	7·647	..	6·015	11·189	..
Bottles	..	..	3·844	..	..	4·688
Labels	0·600	1·200	0·300	0·840	1·680	0·300
Packing Case etc.	2·375	2·375	2·499	2·850	2·850	2·999
Total ..	7·085	11·222	6·643	9·705	15·719	7·987

Cost of cases and bottles include allowance for damage in transit of 5% in the case of Cans and 12½% in the case of bottles.

TABLE 6.

Rates (including freight, handling charges etc.) of cans, bottles and labels.

Items	1946	Present rates included in the revised estimate
	Rs.	Rs.
A.—2½ cans	163 per 1,000 ..	238 per 1,000.
1½ lb. cans	152 per 1,000 ..	222 per 1,000.
Bottles	41 per gross ..	50 per gross.
Labels for—		
(*i*) Canned Fruits and Jams	25 per 1,000 ..	35 per 1,000.
(*ii*) Squashes		25 per 1,000.

APPENDIX VII—*concld.*

TABLE 7

Percentage statement of fair selling price of canned fruits, jams, marmalade and orange squashes.

Serial No.	Items	Peaches (canned or bottled).	Apricot Jams	Orange Marmalade	Orange Squashes
		Rs.	Rs.	Rs.	Rs.
1	Fruit	33·70	18·00	14·05	13·12
2	Sugar (plus other materials)	12·22	29·65	31·16	22·69
3	Labour	2·98	2·89	3·04	3·06
4	Other expenses including research and development.	6·92	6·71	7·06	5·73
5	Depreciation	1·32	1·28	1·35	0·57
6	Packing	24·99	24·55	25·80	38·57
7	Advertisement	3·47	3·37	3·55	1·74
8	Interest on working capital	0·93	0·90	0·94	0·46
9	Spoilage	4·29	4·32	4·30	4·26
10	Freight allowance	6·86	6·08	6·39	8·65
11	Return on Fixed Capital	2·32	2·25	2·36	1·16
		100·00	100·00	100·00	100·00

APPENDIX VIII.

(Vide paragraph 14)

Statement (given by the Australian Government Trade Commissioner in India, vide his letter No. B|331|4|2, dated 7th February, 1949) showing the present position regarding the grant of sugar concession in Australia.

"I have now received advice from my Government concerning your query whether any Governmental assistance was granted to the canned fruits industry in Australia. For your information I quote hereunder relevant extracts from the communication received by me from Australia :—

There has been no financial assistance rendered by the Commonwealth Government to the Australian Canned Fruits Industry since 1930. In that year a very modest subsidy was paid on the export of one or two varieties of canned fruits shipped to the U. K., and this assistance was granted to enable those lines to clear in competition on a depressed London market. There has not at any time been any financial assistance granted by the Commonwealth on exports of canned fruits to India nor, so far as one can foresee, is any likely to be required in the future.

With regard to sugar used in the manufacture of fruit products, the position broadly is as follows. You will know that the production of cane sugar in Australia is confined to Queensland, and the commodity is a highly political one. The established policy of the Government is to afford full protection to the Queensland sugar industry, and this is afforded by the Sugar Agreement Act which, in effect ratifies an Agreement between the Governments of Queensland and the Commonwealth. This Agreement has been in force for many years and is usually reviewed on a five yearly basis. The current Agreement runs until 1951, when doubtless it will be again renewed.

Under the Sugar Agreement Act provision is made for an annual financial grant by the sugar interests, designed to assist the Fruit Processing Industry, which, of course, is a heavy consumer of sugar. These funds are placed at the disposal of and administered by the Fruit Industry Sugar Concession Committee. It will be noted that this is not in effect Governmental assistance— it is a grant direct from the Sugar Industry to the Fruit Industry.

The methods of application of this Fund by the F.I.S.C. Committee are set out in the Sugar Agreement Act. Broadly stated, the funds are to be expended in the following directions :—

(a) Payment of a domestic sugar rebate ;

(b) Payment, when necessary, of an export sugar rebate ; and

(c) any residue of funds may be employed at the Committee's discretion for "the promotion of the use and sale of manufactured fruit products" ; and for scientific or industrial research for the purpose of increasing the yield per acre of Australian fresh marketable fruits used by processors.

With regard to (a) a domestic rebate of £2|4|- per ton on the current wholesale price of sugar to manufacturers generally is paid to fruit processors subject to compliance with certain conditions, these principally being that the

claimant for rebate utilises a certain minimum tonnage of sugar per annum in his business, and that he has paid to growers such minimum prices for fresh fruit as are declared as reasonable prices by the F.I.S.C. Committee.

The payment of export sugar rebates is designed to give exporters of canned fruits the sugar used in their export trade at a price which is not greater than current world parity price for sugar. In pre-war years world parity was lower than Australian domestic price, and in those circumstances export sugar rebates were paid. Since 1941-42, however, no payments whatever under this heading have been made by the Committee, as world parity for sugar since the year indicated has been higher than the Australian domestic price, and no payment under this heading will be made until world parity price falls below the Australian price.

Under (c) the Committee used, in pre-war years, portion of its funds for advertising and horticultural research. Additionally, it has on occasions financially assisted exports of canned fruits to the U.K. and, to a lesser extent, Canada, but such assistance has been limited exclusively to those two markets. The Committee's funds have not at any time been employed in assisting the export of canned fruits to India or any other market other than the U.K. and Canada.

The export of jams and jellies also have been afforded assistance under this heading, but as was the case with canned fruits, this was only in a modest way. The last occasion on which the export of jams were assisted was in 1940, when a special export sugar rebate of £2|10|0 per ton of the sugar content of jams was paid to exporters to certain markets which included India.

Any assistance rendered by the F.I.S.C. Committee under (c) is not on a regular annual basis ; before it is granted exporters concerned must state a case which is fully examined by the Committee, which assures itself that any assistance sought is fully justified. The Committee regards assistance under this heading as promoting the use and sale of manufactured food products.

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